

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4182
ANSWERED ON:04.05.2007
BATE OF INTEREST OH FARM CREDIT
Mahtab Shri Bhartruhari

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to subvent the rate of interest on farm credit provided by co-operative sector;
- (b) if so, the details thereof, and
- (c) the time by which the decision is likely to be taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)to(c) : To reduce the burden of interest on Crop Loans availed by fanners an amount equal to two percentage points of the borrower's liability on the principal amount upto Rs. 1,00,000/- each for Kharif and Rabi 2005-06 was credited to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives Short-Term Production Credit at 7% with an upper limit of Rs.3 lacs on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks(RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.